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CONDITIONAL SALE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS CONDITIONAL SALE AGREEMENT is entered into on March 12, 1976, by and between GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), a Delaware corporation (hereinafter called "Vendor" or "Builder," as more particularly set forth in Article 1 hereof), and DELAWARE AND HUDSON RAILWAY COMPANY, a Delaware corporation ("D&H").

WHEREAS, Builder has agreed to construct, sell and deliver to D&H and D&H has agreed to purchase, on the terms and conditions set forth in E.M.D. Proposal No. 756126 dated October 6, 1975, a letter dated October 8, 1975 from Rodney R. Trappe, Builder's District Manager, to Mr. T.W. Eagan, Vice President and Comptroller of D&H, and this Conditional Sale Agreement, twenty (20) GP 39-2 locomotives, as more fully described in Exhibit A attached hereto (the "Locomotives"); *not attached* and

WHEREAS, simultaneously with the execution of this Conditional Sale Agreement certain rights of the Builder hereunder are being assigned to the UNITED STATES RAILWAY ASSOCIATION ("USRA") pursuant to an Assignment Agreement (the "Assignment Agreement") dated the date hereof between Builder and USRA, all in accordance with the provisions of that certain Loan Agreement (the "Loan Agreement")

to be entered into between D&H and USRA, which provides among other things for the issuance to USRA by D&H of a certain Class B Note (the "Class B Note") which is to serve as additional evidence of the indebtedness of D&H to USRA created pursuant to this Conditional Sale Agreement as so assigned and which is to be fully secured by the terms of this Conditional Sale Agreement, as hereinafter described; and

WHEREAS, Builder and D&H have agreed that this Conditional Sale Agreement shall be the sole agreement between the parties as to the Locomotives and shall supersede any and all prior agreements and representations, oral or written, including without limitation E.M.D. Proposal No. 756126 dated October 6, 1975, and a letter dated October 8, 1975 from Rodney R. Trappe, Builder's District Manager, to Mr. T.W. Eagan, Vice President and Comptroller of D&H, between the parties with respect to the Locomotives;

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter set forth, and in order to secure the due and punctual payment by D&H of the principal of and interest on the Class B Note, the parties hereto do hereby agree as follows:

ARTICLE 1. CERTAIN DEFINITIONS. The term "Vendor," whenever used in this Conditional Sale Agreement, means, before

any assignment of any of its rights hereunder, General Motors Corporation (Electro-Motive Division) and any successor or successors for the time being to its business; and after the assignment of certain rights hereunder to USRA, USRA (or any agency or instrumentality of the United States which succeeds to the obligations of USRA hereunder) as regards such assigned rights; and also shall mean any assignor as regards any rights hereunder that are retained or excluded from any assignment. The term "Builder," whenever used in this Conditional Sale Agreement, means, both before and after any such assignment, General Motors Corporation (Electro-Motive Division) and any successor or successors for the time being to its business.

ARTICLE 2. CONSTRUCTION AND SALE. Pursuant to this Conditional Sale Agreement, the Builder shall arrange for the construction of the Locomotives at the plant set forth in Exhibit A hereto (the "Plant"), and will sell and deliver to D&H, and D&H will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Locomotives, each unit of which shall be constructed in accordance with the specifications referred to in Exhibit A hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder and D&H (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and

component parts of each unit of the Locomotives shall conform, on the date of completion of manufacture of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to locomotives of the character of such units of the Locomotives, and each unit of the Locomotives will be new equipment.

ARTICLE 3. INSPECTION AND DELIVERY. The Builder will deliver the units of the Locomotives to D&H in accordance with the delivery schedule set forth in Exhibit A hereto. Should delivery of the Locomotives covered by this Conditional Sale Agreement be delayed due to causes beyond the control of Builder, including, but not limited to, late design changes or other actions taken by D&H, acts of God, acts of the Government of the United States or of any State or political subdivision thereof, fires, floods, explosions or other catastrophies, epidemics and quarantine restrictions, acts of a public enemy, any strikes, slowdowns or labor shortages of any kind, any material, transportation or utility shortage or curtailment, and delays of a supplier due to any of the foregoing causes, and the Builder promptly notifies D&H thereof in writing, the time allowed for performance will be extended by a period of time equal to the period of delay.

Upon completion of a group of units of the Locomotives (each such group of units being hereinafter called a "Group"), such Group shall be presented to an inspector of D&H for inspection at the place specified for delivery of such unit or units, and if each unit in the Group conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of D&H shall execute and deliver to the Builder a certificate of acceptance in the form attached hereto as Exhibit B (hereinafter called the "Certificate of Acceptance"), in quadruplicate, stating that such Group has been delivered in accordance with this Conditional Sale Agreement and inspected by the inspector on behalf of D&H and each unit in the Group has been completed in accordance with the Specifications including, without limitation, all applicable Department of Transportation and Interstate Commerce Commission requirements and specifications and all standards recommended by the Association of American Railroads, and is good order and condition and marked in accordance with Article 7 hereof and accepted on behalf of D&H; provided, however, that the Builder shall not thereby be relieved of its warranty referred to in Article 14 hereof. Upon delivery of said Certificate of Acceptance, D&H shall assume the responsibility and risk of, and shall not be released from its obligations hereunder

in the event of, any damage to or the destruction or loss of such unit or units in such Group.

Presentation of such Group of the Locomotives to an inspector of D&H for inspection at the place specified for delivery of such Group and execution and delivery to the Builder of a Certificate or Certificates of Acceptance therefor by such inspector or an authorized representative of D&H in accordance with the preceding paragraph shall be conditions precedent to any and all Closings (as defined in the Assignment Agreement). Simultaneously with the completion of all matters at a Closing under the Assignment Agreement relating to the Group, Builder shall deliver to D&H an Instrument of Delivery of Possession in the form attached hereto as Exhibit C. If such Closing shall not occur, then the provisions of the last paragraph of Article 15 hereof shall apply.

ARTICLE 4. PURCHASE PRICE AND PAYMENT. The total price per unit of the Locomotives (the "Purchase Price") is set forth in Exhibit A attached hereto, which price is hereby incorporated herein by reference to the same extent and with the same effect as if set forth in full herein.

D&H hereby acknowledges itself to be indebted to the Vendor in the amount of the Purchase Price of the Locomotives, and hereby promises to pay to the Vendor, at such

place as the Vendor may designate for payment to it, as follows:

(a) The Purchase Price of each unit of Locomotives included in a Group for which a Closing has been held under the Assignment Agreement shall be paid to Vendor in installments. The aggregate of such Purchase Prices for all Locomotives delivered hereunder is hereinafter called the "Conditional Sale Indebtedness". The Conditional Sale Indebtedness shall have a final maturity date of December 20, 1990 and shall be payable in semi-annual installments of principal in the amount of \$376,976 payable on June 20 and December 20 of each year commencing June 20, 1981 until all of the Conditional Sale Indebtedness shall have been paid.

(b) The unpaid portion of the Conditional Sale Indebtedness shall bear interest from the respective Closing under the Assignment Agreement with respect to such Group at the rate of EIGHT AND 66/100 percent (866%) per annum. Such interest shall be payable semi-annually on the 20th day of June and December of each year, commencing

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on the first such date which occurs after the date of such Closing with respect to such Group of Locomotives.

All interest under this Conditional Sale Agreement shall be calculated on the basis of a year of 365 days and paid for the actual number of days for which due.

D&H will pay, to the extent legally enforceable, interest at the rate of ten percent (10%) per annum upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Conditional Sale Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

In connection with the assignment of this Conditional Sale Agreement by Builder to USRA as described in the Recitals hereto, D&H is executing and delivering to USRA the Class B Note as described in the Loan Agreement, and, upon such assignment, the Class B Note shall further evidence the obligation of D&H to pay to USRA the aggregate Conditional Sale Indebtedness and to make the interest payments hereinabove described; and upon such assignment of this Conditional Sale Agreement to USRA the indebtedness of D&H evidenced by such Class B Note shall be fully secured by the provisions of this Conditional Sale Agreement and by the rights set forth herein.

ARTICLE 5. TAXES. All payments to be made by D&H hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income, gross receipts [except gross receipts taxes in the nature of or in lieu of sales or use taxes], excess profits, franchise and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Conditional Sale Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions"), all of which Impositions D&H assumes and agrees to pay on demand in addition to the Purchase Price of the Locomotives. D&H will also pay promptly all Impositions which may be imposed upon the Locomotives delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Locomotives free and clear of all Impositions which might in any way affect the title of the Vendor or result in a lien upon any part of the Locomotives; provided, however, that D&H shall be under no obligation to pay any

Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Locomotives or otherwise under this Conditional Sale Agreement. Vendor shall promptly give notice to D&H of any Impositions which are charged or levied against the Vendor directly. If any such Impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, D&H shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by Vendor shall be secured by and under this Conditional Sale Agreement; provided, however, that if the Vendor shall fail to give to D&H the notice described in the preceding sentence, then D&H shall not be required to reimburse the Vendor with respect to the Imposition as to which no notice was given if, but only if, such Imposition was unlawfully charged, levied or imposed by the respective taxing authority.

ARTICLE 6. TITLE TO THE LOCOMOTIVES. Except as provided in Article 8 hereof, the Vendor shall and hereby does retain the full legal title to and property in the Locomotives until D&H shall have made all its payments under this Conditional Sale Agreement (and the Class B Note, which evidences the indebtedness of D&H hereunder) and shall have

kept and performed all its agreements herein contained, notwithstanding the delivery of Locomotives to and the possession and use thereof by D&H as provided in this Conditional Sale Agreement. Any and all additions to Locomotives and any and all replacements of Locomotives and of parts thereof and additions thereto shall constitute accessions to Locomotives and shall be subject to all the terms and conditions of this Conditional Sale Agreement and included in the term "Locomotives" as used in this Conditional Sale Agreement.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full Conditional Sale Indebtedness with respect to the Purchase Price of all units of the Locomotives, together with interest thereon and all other payments as herein provided, and the full amount due under the Class B Note (which evidences the indebtedness of D&H hereunder), shall have been paid, and all of D&H's obligations herein contained shall have been performed by D&H, absolute right to the possession of, title to and property in the Locomotives shall pass to and vest in D&H without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by D&H at the time, will (a) execute a bill or bills of sale for the Locomotives transferring its title thereto and property therein to D&H, or upon its order, free of all liens, security interests and other

encumbrances created or retained hereby, and deliver such bill or bills of sale and any certificates of title in its possession to D&H at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of D&H to the Locomotives free from all liens, security interests and other encumbrances created or retained hereby, and (c) pay to D&H any money paid to the Vendor pursuant to Article 8 hereof and not theretofore applied as therein provided. D&H hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeiture or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by D&H.

ARTICLE 7. MARKING OF THE LOCOMOTIVES. D&H will cause each unit of the Locomotives, including without limitation those units replaced pursuant to Article 8 hereof, to be kept numbered with its identifying number as set forth in Exhibit

A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the name of the Vendor followed by the words "SECURITY OWNER," or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in such Locomotives and its rights under this Conditional Sale Agreement. D&H will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will immediately cause to be restored or replaced any such markings which may be removed, defaced or destroyed. D&H will not change the identifying number of any unit of such Locomotives except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by D&H and filed, recorded and deposited by D&H in all public offices where this Conditional Sale Agreement shall have been filed, recorded and deposited. D&H will not permit the serial number of any unit of the Locomotives as set forth in Exhibit A hereto or of any replacement unit to be changed under any circumstances and will immediately cause to be replaced any such numbers which may be removed, defaced or destroyed.

Except as provided in the immediately preceding paragraph, D&H will not allow the name of any person, association or corporation (other than the Vendor) to be placed on any unit of the Locomotives as a designation that might be interpreted as a claim of ownership; provided, however, that D&H may cause the Locomotives to be lettered with the names or initials or other insignia of D&H or its affiliates.

ARTICLE 8. CASUALTY OCCURRENCES. In the event that any unit of the Locomotives shall be worn out, lost, stolen, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences"), and in the event that the total cost of the repairs occasioned by such Casualty Occurrence (the "Repair Cost") shall exceed \$50,000, D&H shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform the Vendor in regard thereto. When the aggregate Repair Cost with respect to all units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Vendor pursuant to this Article 8) hereunder shall exceed \$250,000 (or such lesser amount as D&H may elect), D&H, within 30 days after

it has knowledge of such event, shall promptly pay to the Vendor a sum equal to the aggregate Casualty Value (as herein-after defined) of such units of the Locomotives as of the date of such payment and shall file with the Vendor a certificate of an officer of D&H setting forth the Casualty Value of each unit of the Locomotives suffering a Casualty Occurrence.

Any money paid to the Vendor pursuant to the preceding paragraph of this Article 8 shall be applied, at the option of D&H, (i) as if such money were received upon sale of Locomotives pursuant to Article 17 hereof or (ii) so long as no Event of Default, or any event which with the lapse of time or demand, or both, could constitute such an Event of Default, shall have occurred and be continuing, toward the cost of a unit or units of other locomotives of the type described in Exhibit A hereto to replace units suffering a Casualty Occurrence, with the balance of such cost to be paid by D&H to Vendor at Vendor's request for use in the purchase of such other unit or units of locomotives by Vendor. If such replacement locomotives shall be used locomotives, D&H shall deliver to the Vendor a certificate of an officer of D&H, or of some other responsible person acceptable to USRA, to the effect that the cost of such locomotives does not exceed the fair value thereof.

The Casualty Value of each unit of the Locomotives (other than a replacement unit) shall be deemed to be the

amount of the unpaid Conditional Sale Indebtedness plus interest attributable to such Locomotives as of the date payment is made with respect to such Casualty Occurrence. The Casualty Value of each replacement unit shall be deemed to be the portion of the cost thereof paid by the Vendor hereunder.

D&H will cause any replacement unit or units to be marked as provided in Article 7 hereof. Any and all such replacements of Locomotives shall constitute accessions to the Locomotives and shall be subject to all appropriate terms and conditions of this Conditional Sale Agreement as though part of the original Locomotives delivered hereunder and shall be included in the term "Locomotives" as used in this Conditional Sale Agreement. Title to all such replacement units shall be free and clear of all liens and encumbrances except the liens permitted by Article 12 hereof and shall be taken initially and shall remain in the name of the Vendor subject to the provisions hereof, and D&H shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause such replacement units to come under and be subject to this Conditional Sale Agreement. All such replacement units shall be guaranteed and warranted by the

supplier of such replacement units in like manner as is customary at the time for similar equipment. Whenever D&H shall file with the Vendor a written direction to apply amounts toward the cost of any replacement unit or units, D&H shall file therewith two executed counterparts of an opinion of counsel that title to all such replacement units is free and clear of all liens and encumbrances, except the liens permitted by Article 12 hereof, and that such units have become subject to the provisions of this Conditional Sale Agreement.

So long as no Event of Default, or any event which with the lapse of time or demand, or both, could constitute such an Event of Default, shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if D&H shall in writing so direct, be invested, pending its application as hereinabove provided, in such (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard and Poor's Corporation or Moody's Investors Service, or the successor of either of them, or (iii) certificates of deposit issued

by, or time deposits, open account redeemable on 30 days notice, established by any commercial banks in the United States of America having a capital and surplus aggregating at least \$50,000,000 (such investments being hereinafter called "Investments"), as may be specified in such written direction; or, if D&H does not so specify, as the Vendor in its discretion may see fit. Any such obligations shall from time to time be sold or redeemed, as the case may be, and the proceeds reinvested in such Investments, as D&H may in writing direct; and any such Investments shall be sold or redeemed, as the case may be, by the Vendor at or about the time required for the application of the proceeds or cash balance thereof as required by the provisions of this Article 8. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest or earned discount at the time of purchase) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to D&H. If such proceeds (plus such interest or earned discount) shall be

less than such cost, D&H will promptly pay to the Vendor an amount equal to such deficiency. D&H will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If one or more Events of Default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Locomotives pursuant to Article 17 hereof.

In order to facilitate the sale or other disposition of any Locomotives suffering a Casualty Occurrence, the Vendor shall, upon request of D&H, after payment by D&H of any sums required to be paid to the Vendor under the first paragraph of this Article 8, execute and deliver to D&H or D&H's vendee, assignee or nominee, a bill of sale (without warranties) for such Locomotives, and such other documents as may be required to release such Locomotives from the terms and scope of this Conditional Sale Agreement, in such form as may be reasonably requested by D&H.

ARTICLE 9. MAINTENANCE; INSURANCE; COMPLIANCE WITH LAWS AND RULES. D&H will at all times maintain the

Locomotives or cause the Locomotives to be maintained in good order and repair at its own expense.

D&H will, at all times prior to the payment of the full Conditional Sale Indebtedness in respect of the Purchase Price of each unit of the Locomotives, together with interest thereon and all other payments required hereby, at its own expense, carry and maintain property insurance and public liability insurance in respect of each unit of the Locomotives, in amounts and against risks customarily insured against by railroad companies conducting similar operations in respect of similar equipment, but in any event in amounts no less than the greater of (a) the fair market value of each unit of the Locomotives or (b) the aggregate unpaid Purchase Price attributable to each unit of the Locomotives. Such insurance shall insure the respective interests of the Vendor and D&H in the Locomotives and shall require prior notice to the Vendor before any change is made in such insurance. The proceeds of such insurance shall be payable to the Vendor. If the Vendor shall receive any insurance proceeds in respect of units of the Locomotives suffering a Casualty Occurrence and D&H shall have made payments to the Vendor pursuant to Article 8 without deduction for such insurance proceeds, the Vendor shall pay such

insurance proceeds to D&H. All insurance proceeds received by the Vendor in respect of any unit or units of the Locomotives not suffering a Casualty Occurrence shall be paid to D&H upon receipt of evidence satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired, provided that at its option the Vendor may permit interim disbursements for completion payments on such terms and conditions as the Vendor may permit. Notwithstanding the foregoing, if one or more Events of Default shall have occurred and be continuing, all insurance proceeds received by the Vendor shall be applied by the Vendor as if such proceeds were money received upon the sale of Locomotives pursuant to Article 17 hereof.

During the term of this Conditional Sale Agreement, D&H will at all times comply and will cause any lessees or users of the Locomotives to comply in all respects with all laws of the jurisdictions in which its operations involving the Locomotives may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive,

administrative or judicial body exercising any power or jurisdiction over the Locomotives, to the extent that such laws and rules affect the title, operation or use of the Locomotives; and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Locomotives, D&H will conform therewith, at its own expense; provided, however, that D&H may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Locomotives or otherwise under this Conditional Sale Agreement.

ARTICLE 10. REPORTS AND INSPECTIONS. On or before April 1 in each year, commencing with the calendar year which begins January 1, 1977, D&H shall furnish to the Vendor an accurate statement signed by an officer of D&H (A) setting forth as of the preceding December 31 the amount, description, identifying numbers and serial numbers of all units of the Locomotives (i) that have suffered a Casualty Occurrence during the preceding twelve months (or since the date of this Conditional Sale Agreement in the case of the first such statement), (ii) that are undergoing

repairs or have been withdrawn from service for repairs (other than, in each case, running repairs), and (iii) such other information regarding the condition and state of repair of the Locomotives as the Vendor may reasonably request and (B) stating that, in the case of all Locomotives repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right (but shall be under no obligation), by its agents, to inspect (without any prejudice to Vendor's rights) the Locomotives and D&H's records with respect thereto at such reasonable times as the Vendor may request during the term of this Conditional Sale Agreement.

ARTICLE 11. POSSESSION AND USE. Upon receipt of an Instrument of Delivery of Possession as described in Article 3 hereof, D&H, so long as an Event of Default shall not have occurred under this Conditional Sale Agreement and be continuing, shall be entitled to the possession of the Locomotives and the normal use thereof for Locomotives of like characteristics, including, without limitation, the use thereof upon the lines of railroad owned or operated

by it either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, D&H, or over which it has trackage rights, or upon other connecting railroads in the usual interchange of traffic, from and after delivery of the Locomotives by the Builder to D&H, but only upon and subject to all the terms and conditions of this Conditional Sale Agreement. Notwithstanding the foregoing, D&H will not permit any unit of the Locomotives to be put in service, used or otherwise moved outside the continental United States of America.

ARTICLE 12. PROHIBITION AGAINST LIENS. D&H will pay, or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party which, if unpaid, might become a lien, charge or security interest on the Locomotives, or any unit thereof, equal or superior to the Vendor's title thereto or property therein; provided, however, that D&H shall be under no obligation to pay or discharge any such claim so long as it is contesting such claim in good faith and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the

property or rights of the Vendor in or to the Locomotives or otherwise under this Conditional Sale Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Locomotives shall be for the account of D&H, and the reimbursement thereof by D&H shall be secured by and under this Conditional Sale Agreement.

ARTICLE 13. D&H'S INDEMNITIES. D&H agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by the Vendor of title to the Locomotives, the use and operation thereof by D&H during the period when title thereto remains in the Vendor, or the transfer of title to the Locomotives by the Vendor pursuant to any of the provisions of this Conditional Sale Agreement, except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of

all sums due under this Conditional Sale Agreement, or the satisfaction, discharge or termination of this Conditional Sale Agreement in any manner whatsoever. D&H will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all of the Locomotives; provided, however, that Builder shall not be relieved from its warranty covering material and workmanship or from its indemnities hereinafter in Article 14 set forth.

ARTICLE 14. PATENT INDEMNITIES; BUILDER'S WARRANTY OF MATERIAL AND WORKMANSHIP. Builder shall defend any suit or proceeding brought against D&H so far as based on a claim that the Locomotives, or any part thereof, furnished pursuant to this Conditional Sale Agreement constitute an infringement of any patent, if notified promptly in writing and given authority, information and assistance (at Builder's expense) for the defense of same, and Builder shall pay all damages and costs awarded therein against D&H. In case the Locomotives, or any part thereof, are in such suit held to constitute infringement and the use of the Locomotives or any part thereof is enjoined, Builder shall, at its option and its own expense, either procure for D&H the right to continue using said Locomotives or parts, or replace same with non-infringing locomotives meeting the Specifications

and other requirements set forth in Article 2 hereof, or modify the Locomotives or parts thereof so that they become non-infringing, or remove the Locomotives and refund the Purchase Price and the transportation and delivery costs thereof, to USRA if any amounts are still due to USRA as described in this Conditional Sale Agreement. Builder will not assume liability for patent infringement by reason of purchase, manufacture, sale or use of devices not included in and covered by the Specifications. The foregoing states the entire liability of Builder for patent infringement by the Locomotives or any part thereof. The foregoing indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Conditional Sale Agreement, or the satisfaction, discharge or termination of this Conditional Sale Agreement in any manner whatsoever.

Builder warrants to D&H that each unit of the Locomotives is of the kind and quality described in the Specifications referred to herein and is suitable for the ordinary purposes for which locomotives of such type are used.

Builder further warrants each unit of the Locomotives to be free from defects in material and workmanship which may develop under normal use and service within two years from date of delivery, or before such unit has been operated 250,000 miles, whichever event shall first occur.

Builder agrees to correct such defects, which examination shall disclose to Builder's satisfaction to be defective, by repair or replacement F.O.B. factory, and such correction shall constitute fulfillment of Builder's obligation with respect to such defect under this warranty.

Builder warrants specialties not of its own specification or design to the same extent that the suppliers of such specialties warrant such items to Builder.

Builder warrants that the materials and other components incorporated in, and the construction of, the Locomotives will comply fully with, and the Locomotives shall be completed in full accordance with, the Specifications and the other rules, regulations, requirements, standards and specifications set forth in Article 2 hereof.

There are no warranties, expressed or implied, made by Builder except the warranties set out above.

ARTICLE 15. ASSIGNMENTS. D&H will not sell, assign, transfer or otherwise dispose of its rights under this Conditional Sale Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Locomotives, without first obtaining the written consent of the Vendor. A sale, assignment, transfer or disposition to a railroad company organized under the laws of the United States of America or any of the states thereof

which shall acquire all or substantially all the lines of railroad of D&H, and which, by execution of an appropriate instrument satisfactory to the Vendor, shall assume and agree to perform each of and all the obligations and covenants of D&H under this Conditional Sale Agreement, shall not be deemed a breach of this covenant.

All or any of the rights, benefits and advantages of the Vendor under this Conditional Sale Agreement, including the right to receive the payments herein provided to be made by D&H, may be assigned by the Builder to USRA, and reassigned by USRA at any time or from time to time to any agency or instrumentality of the United States that lawfully accepts and thereby becomes lawfully bound by this Conditional Sale Agreement. No such assignment (including the assignment to USRA described in the Recitals hereto) shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Locomotives in accordance with this Conditional Sale Agreement or to respond to its warranties and indemnities contained or referred to in Article 14 hereof, or relieve D&H of any of its obligations to the Builder under Articles 2, 5, 13 and 14 hereof, Exhibit A hereto and this Article 15 or of any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to D&H, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Locomotives and this Conditional Sale Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by D&H of the notification of any such assignment, all payments thereafter to be made by D&H under this Conditional Sale Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct. For purposes of this Article 15, delivery to D&H of a copy of the Assignment Agreement between Builder and USRA, described in the Recitals hereto, shall constitute such written notice.

D&H expressly represents, for the purpose of assurance of USRA and to any other agency or instrumentality of the United States considering the acquisition of this Conditional Sale Agreement or of all or any of the rights of the Vendor hereunder and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the unpaid Conditional Sale Indebtedness, or such part thereof

as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Locomotives or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to D&H by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by D&H against and only against the Builder.

In the event of any such assignment or successive assignments by the Vendor, D&H will, whenever requested by such assignee, change or cause the change of the markings on each side of each unit of the Locomotives provided for in Article 7 hereof so as to indicate the title of such transferee or assignee to such units and the rights of such transferee or assignee thereunto, such markings to bear such words or legend as shall be specified by such transferee or assignee, subject to requirements of the laws of the jurisdictions in which such units of the Locomotive shall be operated by D&H relating to the use of such words or legend on equipment covered by conditional sale agreements with respect to

railroad equipment. The cost of marking such words or legend with respect to any such assignee or assignees shall be borne by D&H.

D&H will (a) at each Closing for the Locomotives subsequent to such assignment, deliver to the assignee all documents required by the terms of such assignment to be delivered to such assignee in connection with such Closing, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or paper required by the Vendor as may reasonably be requested.

If this Conditional Sale Agreement shall have been assigned by the Builder and the assignee shall not make payment to the Builder with respect to units of the Locomotives as provided in the instrument making such assignment, the Builder will promptly notify D&H of such event and, if such amount shall not have been previously paid by such assignee, D&H will, not later than 90 days after the date such payment was due, pay or cause to be paid in cash to the Builder the aggregate unpaid Purchase Price of such units, together with interest from the date such payment was due to the date of payment by D&H at the highest prime rate of interest of leading New York City banks in effect on the date such payment was due.

ARTICLE 16. EVENTS OF DEFAULT. In the event that any one or more of the following Events of Default shall occur and be continuing:

(a) D&H shall fail to pay in full any amount due with respect to the Conditional Sale Indebtedness, any amounts due under the Class B Note (which evidences the indebtedness of D&H hereunder) or any other sum payable by D&H as provided in this Conditional Sale Agreement, provided that D&H shall have a grace period of three (3) days, after the stated due date, within which to make such payment; or

(b) D&H shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Conditional Sale Agreement on its part to be kept or performed, or to make provision satisfactory to the Vendor for such compliance; or

(c) D&H or any subsidiary of D&H (a "Subsidiary") has rendered against it final judgment for the payment of money in excess

of \$100,000 and the same shall remain undischarged for a period of sixty (60) days during which execution shall not be effectively stayed; or

(d) D&H or any Subsidiary shall make an assignment for the benefit of creditors or admit in writing its inability to pay its debts generally as they become due; or an order, judgment or decree shall be entered adjudicating D&H or any Subsidiary bankrupt or insolvent; or D&H or any Subsidiary shall petition or apply to any tribunal for the appointment of a trustee or receiver of D&H or any Subsidiary, or of any substantial part of the assets of D&H or any of its Subsidiaries, or shall commence any proceedings (other than proceedings for the voluntary liquidation and dissolution of a Subsidiary) relating to D&H or any Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect; or any such petition or application shall be filed, or any such proceedings shall be commenced, against D&H or

any Subsidiary and D&H or such Subsidiary by any act indicates its approval thereof, consent thereto, or acquiescence therein, or an order, judgment or decree shall be entered appointing such trustee or receiver, or adjudicating D&H or any Subsidiary bankrupt or insolvent, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than sixty (60) days; or any order, judgment or decree shall be entered in any proceedings against D&H or any Subsidiary decreeing the dissolution of D&H or such Subsidiary and such order, judgment or decree remains unstayed and in effect for more than sixty (60) days; or any order, judgment, or decree shall be entered in any proceedings against D&H or any Subsidiary decreeing a split-up of D&H or such Subsidiary which requires the divestiture of a substantial part of the consolidated assets of D&H and its Subsidiaries, and such order, judgment or decree remains unstayed and in effect for more than sixty (60) days; or

(e) D&H or any Subsidiary shall fail to pay at maturity (whether stated or accelerated), or within any applicable period of grace, any obligation for borrowed money, promissory note or similar obligation, or shall fail to observe or perform any term, covenant or agreement contained in any promissory note, mortgage, indenture, loan agreement or other instrument pursuant to which D&H or any Subsidiary is indebted for borrowed money for such period of time as would permit or would have permitted (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof or of any such obligations; or shall fail to pay when due any payments under any equipment trust or conditional sale agreement for such period of time as would permit, or would have permitted (assuming the giving of appropriate notice if required), the obligees to retake possession of the property held under such equipment trust or conditional sale agreement; or

(f) D&H shall make or suffer any unauthorized assignment or transfer of this Conditional Sale Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Locomotives;

then at any time after the occurrence of such an Event of Default the Vendor may, upon written notice to D&H and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, all indebtedness set forth in the Class B Note (which evidences the indebtedness of D&H hereunder) and all other payments due under this Conditional Sale Agreement, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness so payable with interest as aforesaid, and to collect such judgment out of any property

of D&H wherever situated. D&H shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice or lapse of time, or both, could constitute, an Event of Default under this Conditional Sale Agreement.

The Vendor may at its election waive any such Event of Default and its consequences and rescind and annul any Declaration of Default by notice to D&H in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such Event of Default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by D&H that time is of the essence of this Conditional Sale Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. REMEDIES. At any time during the continuance of a Declaration of Default, the Vendor may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Locomotives, or one or more of the units thereof, without liability to return to D&H any

sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of D&H or any other person and for such purpose may enter upon D&H's premises or any other premises where the Locomotives may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of D&H.

In case the Vendor shall demand possession of the Locomotives pursuant to this Conditional Sale Agreement and shall reasonably designate a point or points upon the premises of D&H for the delivery of the Locomotives to the Vendor, D&H shall, at its own expense, forthwith and in the usual manner, cause the Locomotives to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Locomotives or cause them to be delivered to the Vendor. At the option of the Vendor, the Vendor may keep the Locomotives on any of the lines or premises of D&H until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose D&H agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to D&H. This agreement to deliver the Locomotives and furnish facilities as hereinbefore

provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against D&H requiring specific performance hereof. D&H hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Locomotives in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Locomotives as hereinbefore in this Article 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Locomotives in satisfaction of the Conditional Sale Indebtedness (and all indebtedness set forth in the Class B Note, which evidences the indebtedness of D&H hereunder) and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Locomotives shall be given to D&H by telegram or registered mail, addressed as provided in Article 21 hereof, and to any other persons to whom the law may require notice. In the event that the Vendor should elect to retain the Locomotives and no objection is made thereto within the 30-day period described in the second proviso below, all of the rights of D&H in the Locomotives shall thereupon terminate and all payments made by D&H may be retained by the Vendor

as compensation for the use of the Locomotives by D&H; provided, however, that if D&H, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid, all indebtedness set forth in the Class B Note, which evidences the indebtedness of D&H hereunder, and all other payments due under this Conditional Sale Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Locomotives for, and otherwise arranging for, the sale, and the Vendor's reasonable attorneys' fees, then in such event right to the possession of, title to and property in the Locomotives free of all liens, security interests and other encumbrances created or retained hereby shall pass to and vest in D&H; provided, further, that if D&H or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Locomotives, then the Vendor may not so retain the Locomotives, but shall sell, lease or otherwise dispose of them or continue to hold them pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If, within 90 days from date of the Vendor's possession or receipt of delivery

of the Locomotives as hereinabove provided, the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Locomotives in any other manner, it shall be deemed to have elected to sell the Locomotives in accordance with the provisions of this Article 17.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to D&H and to any other persons to whom the law may require notice of the time and place, may sell the Locomotives, or any unit thereof, free from any and all claims of D&H or any other party claiming from, through or under D&H at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, D&H should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid, all indebtedness set forth in the Class B Note, which evidences the indebtedness of D&H hereunder, and all other payments due under this Conditional Sale Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Locomotives for, and otherwise arranging for,

the sale and the Vendor's reasonable attorneys' fees, then in such event right to the possession of, title to and property in the Locomotives free of all liens, security interests and other encumbrances created or retained hereby shall pass to and vest in D&H.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. D&H shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to D&H as provided in Article 21 hereof. If such sale shall be a private sale, it shall be subject to the right of D&H to purchase or provide a purchaser, for cash, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Vendor or D&H may bid for and become the purchaser of the Locomotives, or any unit thereof, so offered for sale. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to D&H (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor

the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from D&H hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to D&H shall not otherwise alter or affect the Vendor's rights or D&H's obligation hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect D&H's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

The proceeds of any sale or of the exercise of any other power and remedy hereunder shall be applied by USRA in the following order:

(1) to the payment of the costs and expenses of such sale or exercise, including compensation to agents and attorneys of USRA, and of all expenses, liabilities and advances made or incurred by USRA in connection therewith;

(2) in case the principal of the Class B Note shall not have become due and payable by declaration or automatically, to the payment of interest on the Class B Note at the rates specified therein and to the payment of the principal of the Class B Note in accordance with its terms;

(3) in case the principal of the Class B Note shall have become due and payable by declaration or automatically, to the payment of the whole amount then owing and unpaid upon the Class B Note for principal and interest;

(4) to the payment in full of all other obligations of D&H hereunder and under the Class B Note; and finally

(5) to the payment to D&H of any surplus then remaining from such proceeds.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Conditional Sale Agreement and under the Class B Note, which evidences the indebtedness of D&H hereunder, D&H shall pay the amount of such deficiency to the Vendor upon demand, and, if D&H shall fail to pay such deficiency, the Vendor may

bring suit therefor and shall be entitled to recover a judgment therefor against D&H.

D&H will pay all reasonable costs and expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Conditional Sale Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable costs and expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. SEPARABILITY; WAIVER. Any provision of this Conditional Sale Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Conditional Sale Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by D&H to the full extent permitted by law, it being the intention of the parties hereto that this Conditional Sale Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Conditional Sale Agreement, D&H, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Locomotives, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Conditional Sale Agreement, and any and all rights of redemption.

ARTICLE 19. RECORDING, ETC. D&H will cause this Conditional Sale Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded, if permitted by law, with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and D&H will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of the title of the Vendor to the Locomotives and the rights of the Vendor under this Conditional Sale Agreement or for the purpose of carrying out the intention of this Conditional Sale Agreement; and D&H will promptly

furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording, and opinions of counsel for D&H with respect thereto, each satisfactory to the Vendor.

This Conditional Sale Agreement creates a security interest for the benefit of the Vendor in the Locomotives the possession and use of which has been or will be transferred to D&H, which interest secures payment and performance by D&H of its obligations under this Conditional Sale Agreement and under the Class B Note, which evidences the indebtedness of D&H hereunder.

ARTICLE 20. PAYMENT OF EXPENSES. D&H will pay all reasonable costs and expenses incident to this Conditional Sale Agreement and the assignment of this Conditional Sale Agreement, and any instrument supplemental or related hereto or thereto, including all fees and expenses of counsel for the first assignee of this Conditional Sale Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment.

ARTICLE 21. NOTICE. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed by registered mail, return

receipt requested, with postage prepaid, to it at its chief place of business at the following specified addresses:

(a) to D&H, at:

Delaware and Hudson Railway
Company
40 Beaver Street
Albany, New York 12207
Attention: Thomas W. Eagan
Vice President
and Comptroller

(b) to the Builder, at the address
specified in Exhibit A hereto,

(c) to USRA, at:

United States Railway
Association
2100 Second Street, S.W.
Washington, D.C. 20595
Attention: Vice President for
Financial Planning

(d) to any assignee of the Vendor or of
D&H, at such address as may have been furnished
in writing to each of the other parties hereto
by such assignee,

or at such other address as may have been furnished in writing
by such party to the other parties to this Agreement.

ARTICLE 22. ARTICLE HEADINGS; EFFECT AND MODIFI-
CATION OF AGREEMENT. All article headings are inserted for
convenience only and shall not affect any construction or
interpretation of this Agreement.

This Conditional Sale Agreement, including the Exhibits hereto, exclusively states the rights of the Vendor and D&H with respect to the Locomotives and supersedes all other agreements, oral or written, with respect to the Locomotives. No variation or modification of this Conditional Sale Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor and D&H.

ARTICLE 23. LAW GOVERNING. D&H warrants that its chief place of business and principal executive offices are in the jurisdiction specified in clause (a) of Article 21 hereof. The terms of this Conditional Sale Agreement and all rights and obligations hereunder shall be governed by the laws of such jurisdiction.

ARTICLE 24. EXECUTION. This Conditional Sale Agreement may be executed in any number of counterparts, none of which need contain the signatures of all parties hereto and each of which shall be deemed an original, and all of which taken together shall be one and the same instrument; and it shall not be necessary in making proof of this Conditional Sale Agreement to produce or account for more than a number of counterparts containing the respective signatures of all the parties hereto. Although this Conditional Sale Agreement is dated as of the date first set forth above, for convenience,

the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first written.

GENERAL MOTORS CORPORATION
ELECTRO-MOTIVE DIVISION
La Grange, Illinois

[CORPORATE SEAL]

By

Harold H. Smith

Attest:

Clayton L. Conner

DELAWARE AND HUDSON RAILWAY
COMPANY

[CORPORATE SEAL]

By

[Signature]

Attest:

R. T. Murray

CERTIFICATE OF ACKNOWLEDGMENT

COUNTY OF WAYNE)
) ss:
STATE OF MICHIGAN)

On this 12th day of March, 1976, before me personally appeared Harold L. Smith, to me personally known, who being by me duly sworn, says that he is the Vice President of GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of himself and said corporation.

[SEAL]


Notary Public

My Comission expires _____

JEANNETTE R. WEIS
Notary Public, Wayne County, Mich.
My Commission Expires Jan. 22, 1978

CERTIFICATE OF ACKNOWLEDGMENT

DISTRICT OF COLUMBIA, ss:

On this 15th day of March, 1976, before me personally appeared Carl B. Sterzing, Jr., to me personally known, who being by me duly sworn, says that he is the President of DELAWARE AND HUDSON RAILWAY COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of himself and said corporation.

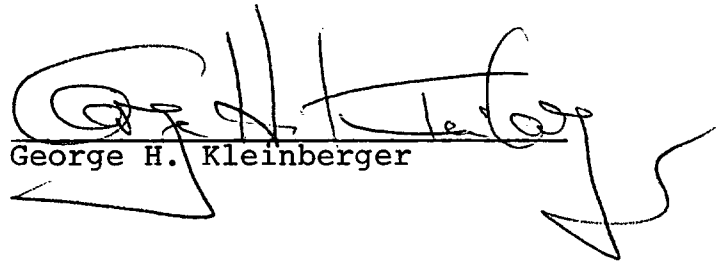
[SEAL]

Jo Ann E. Dineen
Notary Public

My Commission Expires January 1, 1980
My Commission expires _____

CERTIFICATE OF NOTARY PUBLIC

George H. Kleinberger, a Notary Public in and for the State of New York, County of Albany, hereby certifies that on this 18th day of March, 1976, he has compared the attached copy of a Conditional Sale Agreement entered into by and between General Motors Corporation (Electro Motive Division) and Delaware and Hudson Railway Company on March 12, 1976, with an original of the said Conditional Sale Agreement, and that it is a true and correct copy in all respects, including the dates, signatures and acknowledgements.



George H. Kleinberger